

# ***FTC Consumer Alert***

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer & Business Education

## **Buying, Giving, and Using Gift Cards**

Shopping for gifts can be a real dilemma. Just what do you get the person who has everything, your finicky Aunt Mary, your co-worker, or your child's babysitter? Gift cards may be the answer: one size fits all, and the recipients can get exactly what they want. But before you buy a wallet full of gift cards from your favorite retailer or your local financial institution, the Federal Trade Commission (FTC) wants you to know that some strings may be attached. For example, some cards can be used only at the retailer's store locations; others can be used at any retailer and online. Some have expiration dates. Some let the user "reload" or add money to the balance on the card. And some have fees, like activation fees, transaction fees, monthly maintenance fees, inactivity or non-use fees, replacement fees for lost or stolen cards or balance inquiry fees.

Still, consumers reportedly spent a whopping \$18 billion on gift cards during the 2005 holiday season.

### **Tips for buying gift cards**

Store cards sold by retailers usually are issued free of charge. But banks often charge a fee to buy their cards. Some bank gift cards come with a Personal Identification Number (PIN) that lets the user withdraw cash from an ATM. Other things you should know before you buy a gift card:

- Read the fine print before you buy. If you don't like the terms and conditions, buy elsewhere.
- When you're buying a card, ask about expiration dates and fees. This information may appear on the card itself, on the accompanying sleeve or envelope, or on the issuer's website. If you don't see it, ask. Make sure that whatever the salesperson tells you also is in writing. If the seller is reluctant to put the terms or conditions in writing — or says it isn't necessary — shop elsewhere. If the information is separate from the gift card, give it to the recipient to help protect the value of the card. It's also a good idea to give the recipient the original receipt to verify the card's purchase in case it is lost or stolen.
- Consider purchase fees: Is there a fee to buy the card, or activate it? If you buy the card online or on the phone, is there a fee for shipping and handling? Does expedited delivery cost more?
- Consider fees for the recipient. It might be embarrassing to give a \$50 gift card to someone if much of the amount gets gobbled up in fees.
- Check on purchase exceptions. For example, can the recipient use a store-specific gift card at either the physical store or at the store's website? Can an "all purpose" card really be used to buy groceries or gasoline?

### **Tips for using gift cards**

If you've received a gift card, it pays to be a savvy consumer.

- Read the terms and conditions as soon as you get the card, and check for an expiration date.

- If you didn't get the card's terms and conditions, the original purchase receipt, or the card's ID number, ask for them from the person who gave you the card, and then keep them in a safe place.
- Treat your card like cash. If your card is lost or stolen, report it to the issuer immediately. You may be out the entire amount on the card. Some issuers won't replace the cards, but others will if you pay a fee. And if they do charge for replacement cards, you'll most likely need to document the purchase and provide the ID number. Most issuers have toll-free numbers to report lost or stolen cards.
- If your card expires before you've had a chance to use it or exhaust its value, contact the issuer. They may extend the date, although they may charge a fee to do that.

## Problems and Complaints

If you have a problem with a gift card, the first step is to contact the store or financial institution that issued the card. If you can't resolve the problem at that level, you may want to file a complaint with the appropriate authorities:

For cards issued by retailers: Contact the Federal Trade Commission at [ftc.gov](http://ftc.gov) or call toll-free: 1-877-FTC-HELP. You also may file a complaint with your state Attorney General (for a list of state offices, visit [www.naag.org](http://www.naag.org))

For cards issued by national banks: Contact the Comptroller of the Currency's (OCC) Customer Assistance Group by calling 800-613-6743 or by sending an e-mail to: [customer.assistance@occ.treas.gov](mailto:customer.assistance@occ.treas.gov). The OCC charters, regulates, and supervises national banks, some of which issue gift cards.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit [ftc.gov](http://ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

FEDERAL TRADE COMMISSION	<a href="http://ftc.gov">ftc.gov</a>
1-877-FTC-HELP	FOR THE CONSUMER

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